

## *The President's Daily Brief*

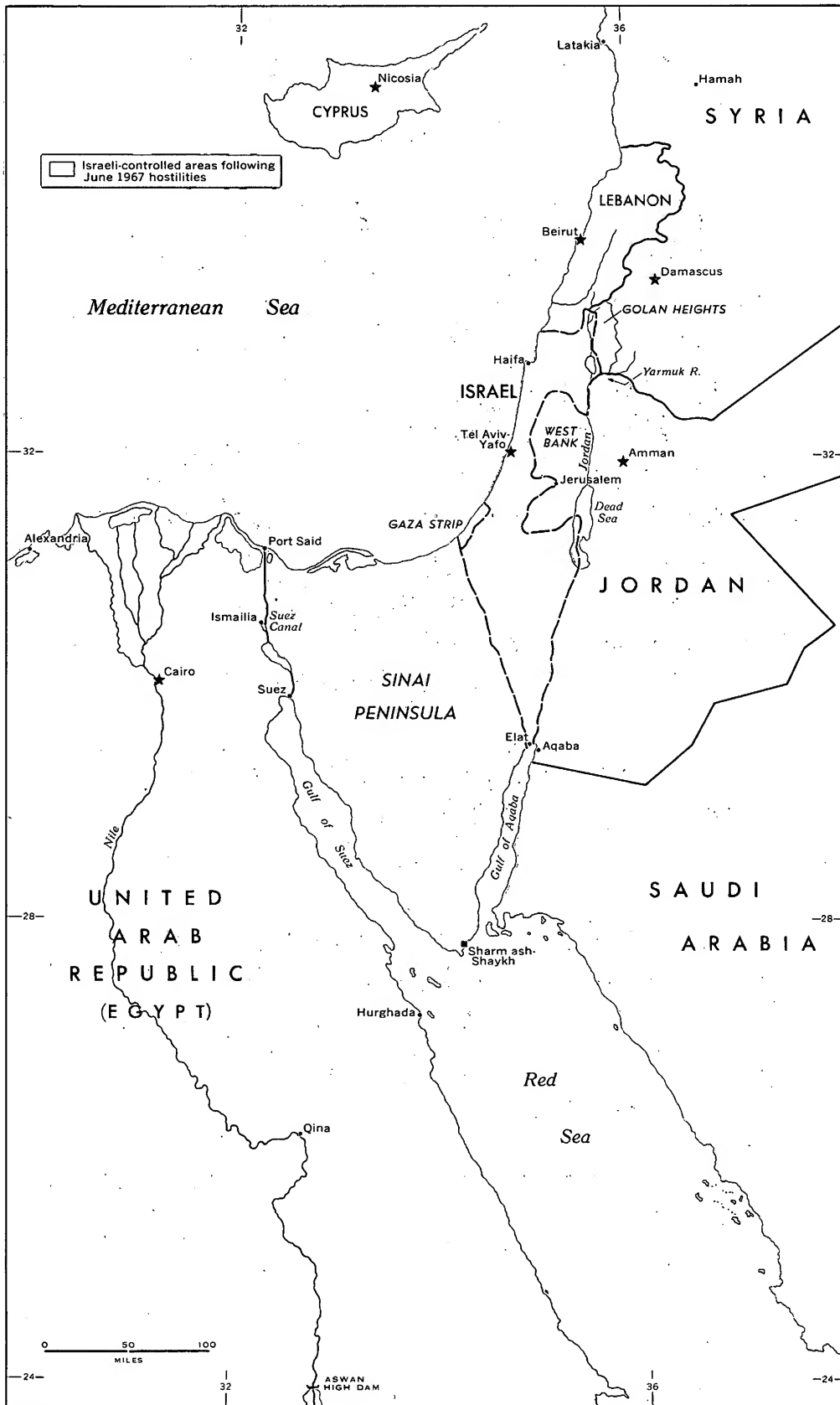
28 January 1969

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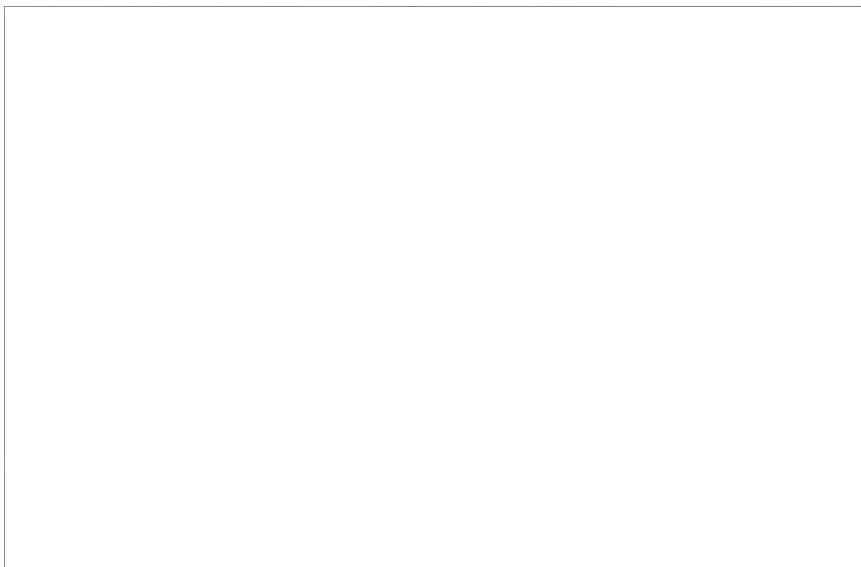


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I. MAJOR PROBLEMS

MIDDLE EAST



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The Annex today sets forth some of the problems  
Jordan's King Husayn faces.

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**EASTERN EUROPE: BUDGETED MILITARY EXPENDITURES**

COUNTRY (and currency)	1968 Planned (in millions)	1969 Planned (in millions)	1969 Percentage Change from 1968	Military Expenditures as Percentage of Total Budget	
				1968	1969
ALBANIA (Leks)	304	420	+38.2	7.6	9.1
BULGARIA (Leva)	264	306	+15.9	6.0	6.0
CZECHOSLOVAKIA (Crowns)	12,900	14,200	+10.1	8.9	9.1
EAST GERMANY (DM)	5,800	6,300	+ 8.6	8.7	9.7
HUNGARY (Forints)	6,400	8,029	+25.5	4.6	5.1
POLAND (Zlotys)	29,096	33,853	+16.3	9.5	9.7
RUMANIA (Lei)	5,200	6,400	+23.1	3.7	4.2
YUGOSLAVIA (New Dinars)	6,030	6,860	+13.8*	56.6	60.4

\*In December 1968, Yugoslavia announced a supplementary defense expenditure which brought actual military spending up to 6,425 million new dinars. The increase of planned defense expenditure in 1969 over actual expenditures in 1968 is only 6.8 percent.

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#### EUROPE

Nothing of significance to report.

#### SOVIET AFFAIRS

All the Eastern European countries have announced increased military budgets for 1969, most of them for the fourth consecutive year. The increases, however, are generally larger than in the past few years, ranging from a low of nine percent for East Germany to more than 20 percent for Rumania and Hungary, and almost 40 percent for Albania. The military budgets in all countries account for an equal or larger percentage of their total budgets than in 1968.

There is no evidence that the increases in military spending are because of large-scale military buildups. It is probable that the Warsaw Pact members are responding to Soviet pressures to bring their military capabilities

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up to previously planned levels. With the introduction of economic reform and more realistic budget planning, the understatement of military expenses may be coming to an end. Other factors also may include higher real costs from the use of more sophisticated equipment, the effects of inflation, and the budgetary and price reforms.

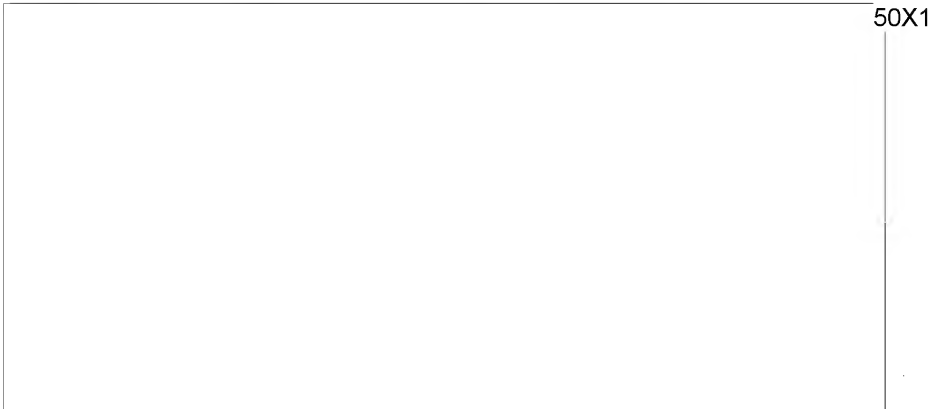
### VIETNAM

A recent article by one of Hanoi's leading generals, Chu Van Tan, is another in a series of recent attempts to make party cadres understand that much hard fighting lies ahead. Tan emphasized that North Vietnam's number one priority is concentrating its energies and resources, including manpower, in support of the struggle in South Vietnam. In criticizing local party leaders in the North, he strongly suggested that many of them are not always putting first things first.

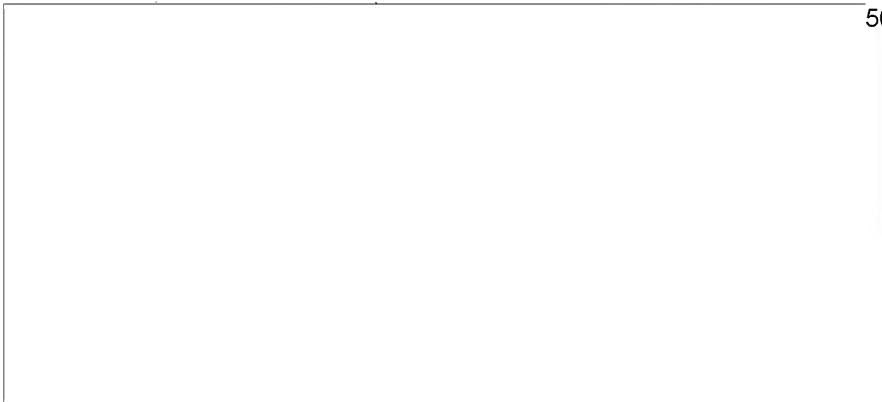
Tan argued that only a persistent offensive strategy will bring success. He strongly criticized both the performance of Communist forces in the South and their overreliance on support from the North. In one particularly pointed passage, he observed that "to be worthy of the rear base's [the North's] confidence, the front line [the South] must ensure continuous, resounding victories, use the aid of the rear base most rationally and economically, and strive to help the rear base lessen its burden by caring for, preserving, and developing its own forces."

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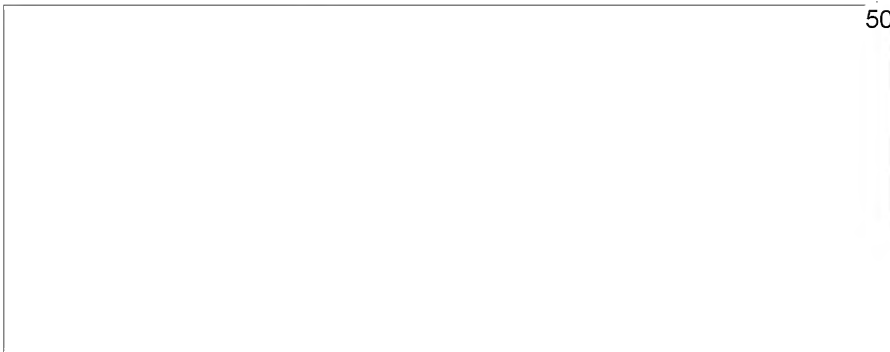
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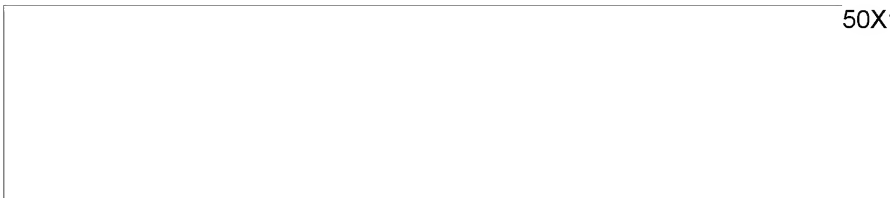
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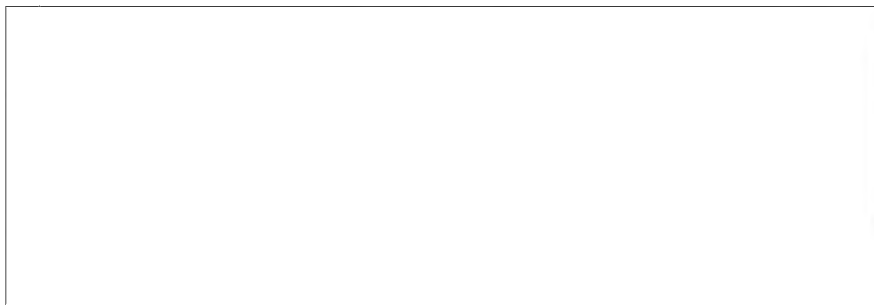




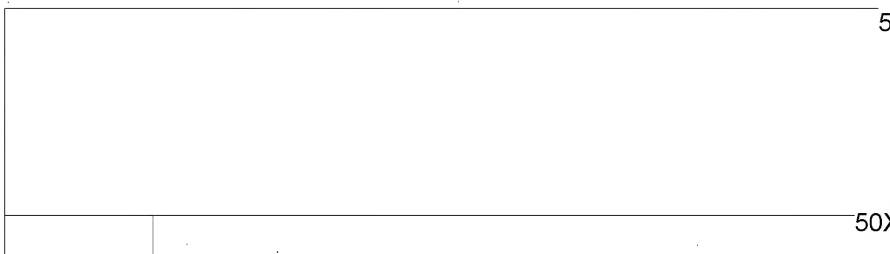


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We continue to receive information from prisoners that the Communists intend to step up the level of their military activity in early February, particularly in the provinces around Saigon.

US Marine positions just below the Demilitarized Zone were hit by Communist mortar rounds fired from within the southern portion of the DMZ. This is the first reported instance of Communist firing from positions within the DMZ since 21 December.

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## II. OTHER IMPORTANT DEVELOPMENTS

### PERU

The US-owned International Petroleum Company has been told by the Peruvians that its remaining assets will be seized unless it pays the \$15 million debt it allegedly owes by the end of this month.

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The highly nationalistic Velasco regime expropriated the Talara refinery and took over a company-run oilfield last October. It if does not take appropriate steps to offer fair compensation by 9 April, US law calls for the suspension of Peru's sugar quota and a cutoff of aid.

### COMMUNIST CHINA

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Communist China, which had moderately successful crops in 1968, now has ordered 3.7 million tons of Australian and Canadian wheat to meet expected food deficits in its urban areas. This about matches its grain imports for last year, but falls considerably below the 5-million-ton average which prevailed during the early 1960s. These lower imports reflect in part Peking's "back to the farm" program which has resulted in tens of millions of city dwellers being sent to the countryside where they must scabble along with the peasants for sustenance from local food production.

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HUSAYN

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## THE FUTURE OF JORDAN

SIGNIFICANCE: Jordan, almost alone among the Arab states involved in the present Arab-Israeli conflict, has manifested a steadfast desire to maintain friendly relations with the United States. [REDACTED]

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[REDACTED] The king's efforts to combine loyal Arabism, preservation of Jordan's national integrity, and maintenance of Western ties have made his personal position increasingly precarious, but his political agility has kept him alive and in touch with the friends and foes who have suffered Jordan to exist--so far. His departure could lead to the partition of Jordan and the dissolution of practically the only pro-American oasis in the Arab World.

\* \* \*

The King is well aware of the possibility of assassination. His grandfather, King Abdullah, was murdered in a Jerusalem mosque in 1950, and Husayn is acutely conscious that he walks in his grandfather's footsteps. His current conflicts with the Palestinian terrorists have increased the possibility that some rabid Arab may put a bullet into Husayn.

Husayn has been in a dilemma over how to deal with the terrorists, for whom Jordan is a major base of

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operations. Sympathy for the terrorists among the populace and within the army has made it impossible for him fully to put down terrorist activity despite the clear fact that terrorist action out of Jordan only brings quick and harsh retaliation from the Israelis. Husayn has now come to a fragile truce with the major terrorist organizations.

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Husayn still has a number of assets working for him. He retains the loyalty of the Bedouin core of the army, has demonstrated his skill in dealing with the terrorists, and faces no well-organized political opposition in the country.

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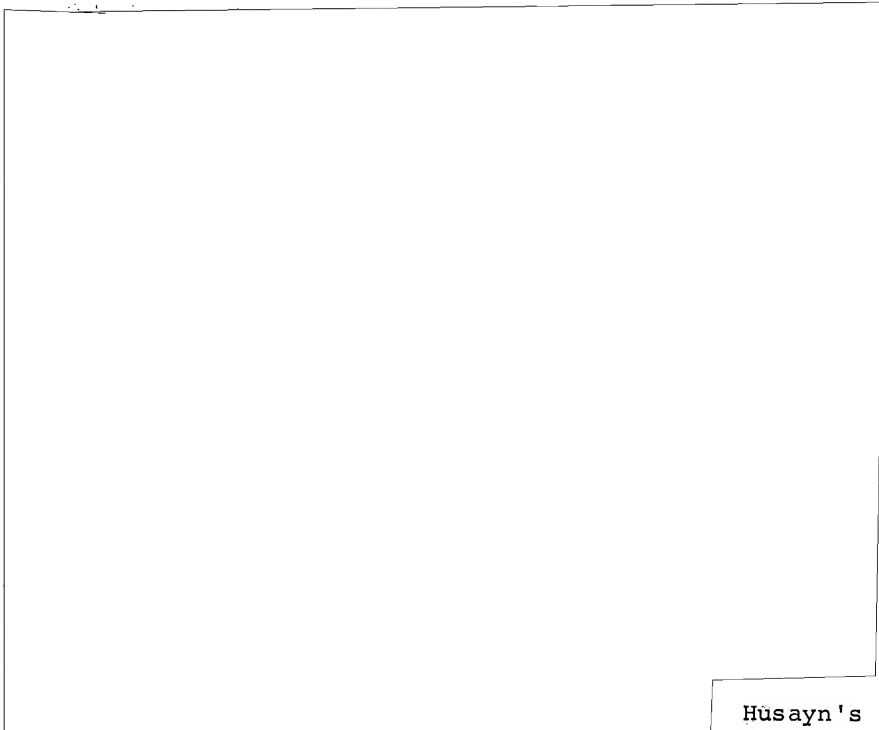
The King has been a long-time friend of the United States. Jordan was one of the few Arab states that did not break relations with Washington after the June 1967 war, and Husayn has consistently opposed pressures from his army and within his government to tighten the country's

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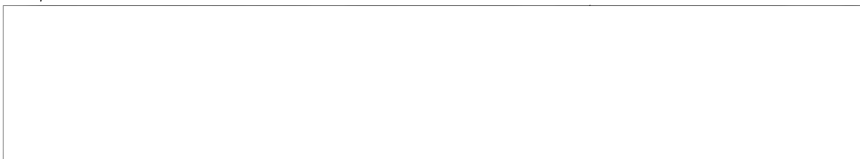
relations with Moscow. Nevertheless, should it appear to the Jordanians that the US is dragging its feet in regard to our promised delivery of aircraft to the Jordanians, this could be the final straw that would turn Husayn toward Moscow.



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Husayn's

legal successor is his youngest brother, Crown Prince Hasan, an intelligent and perceptive Oxford graduate of 21. Hasan takes his official position and possible future thoughtfully, but has failed to demonstrate the charismatic qualities which have helped Husayn hold his throne this long.

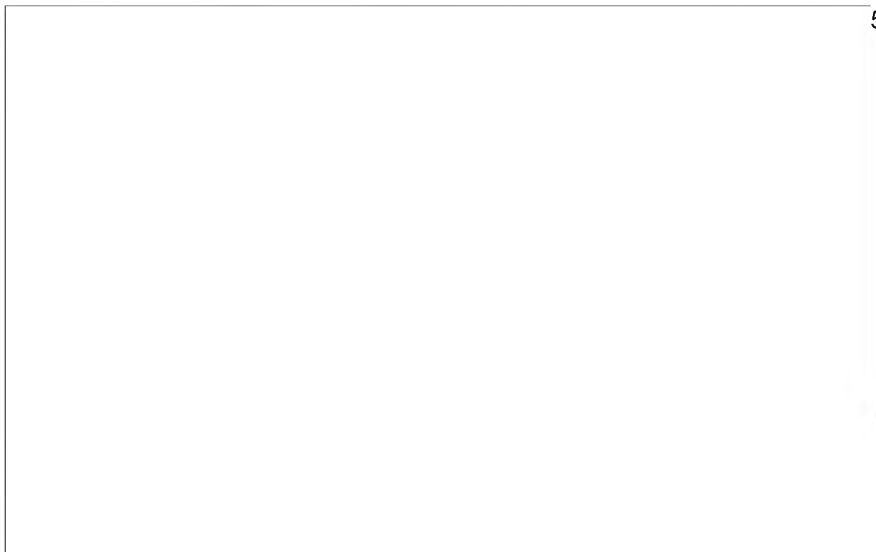


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